

Federal Programs Fiscal Requirements

Contact Information:

Bette Morff, Director

Federal Financial Management

Missouri Department of Elementary and Secondary Education

(573) 751-8280

Bette.Morff@dese.mo.gov

Topics

- Allocation Criteria & Process
- Cash Management
- Title VI - REAP-flex and Transferability
- Schoolwide Programs
- Maintenance of Effort
- Comparability of Services
- Supplant Issues
- Single Certification

Allocation Criteria & Processes

Data Needed

- Enrollment Data
- Free & Reduced Lunch Data
- Information Needed by April 1
- Exceptions – significant expansion or opening new charter school LEA

See EDGAR 76.785 through 76.799

Education Department General Administrative Regulations (EDGAR):

<http://www.ed.gov/policy/fund/reg/edgarReg/edgar.html>

See Allocation Formulas for 2006-2007 Federal Programs

<http://dese.mo.gov/divimprove/fedprog/financialmanagement/Allocation%20Info.htm>

CASH MANAGEMENT

Payment Process

- Obligation
- Liquidation
- Drawdown
- Payment

Financial Management

- Internal Controls
- Record Keeping/Reporting

Obligation is a transaction that requires payment. Examples of timing of obligations:

Acquisition of property -- date of binding written commitment

Personal Services by Employee -- when services are performed

Personal Services by Contractor -- date of binding written commitment

Travel -- when travel is taken

Period of Availability-- Under Tydings Amendment, funds are available for 24-27 months

- 12-15 months under the grant award (July 1, 2006 – September 30, 2007)
- Plus 12 months (October 1, 2007 – September 30, 2008)

Under Tydings, unobligated funds can usually be “carried over” from first year. Generally, no limit on “carryover” unless stated.

Title I has 15% carryover limitation, LEA may request a waiver every 3 years

Title IV.A has 25% carryover limitation, LEA may request a waiver every year

If the Title I funds or Title IV.A funds exceeds the carryover limitation, the charter school LEA must submit a 9/30 Report.

Liquidation means to settle an obligation by paying funds. Must liquidate all obligations within 90 days after the end of the period of availability.

Drawdown & Payments – Reimbursement is the preferred method

LEA must minimize the time elapsing between receipt of funds and disbursement of funds. Must time draw downs as close as possible to disbursement and must track interest.

Internal Controls – Proper segregation of duties, physical controls over assets, proper authorization, and appropriate documentation. Obligation and expenditure of funds kept separate and easily identifiable.

Transferability provides flexibility in targeting Federal resources to meet the needs of all children.

Transferability does not affect the overall amount of funds that the LEA receives.

Eligibility and Percentage for Reap-Flex – 100% for LEAs that meet SRSA requirements. LEAs identified for school improvement may flex 100% if flexed funds are spent for Title I school improvement activities.

REAP-Flex funds are not subject to all the rules and requirements of the receiving programs.

Eligibility and Percentage for Transferability – Any LEA that does not qualify for REAP-Flex may transfer up to 50%. LEAs identified for school improvement may transfer up to 30% if transferred funds are spent for school improvement activities. LEAs identified for corrective action may not use this option.

Transferability funds are subject to rules and requirements of the programs to which the funds are transferred, including the set-aside provisions.

The LEA is required to notify DESE of its intent to “Flex” or “Transfer” funds. This is done on the Allocation page.

Allocation Page


	Title I	Schoolwide	Title I.C Migr Ed	Title II.A	Title II.D	Title III	Title IV.A	Title V	Title VI.B
	Detail I			Detail II.A			Detail IV.A	Detail V	
Original Allocation	240233		0	54803	5920	0	5012	4342	0
Carryover	55498	-	-	5439	0	0	156	0	0
Reallocated Funds	0			0	0	0	0	0	0
Additional Funds									
Released	0	0	0	0	0	0	0	0	0
TOTAL	295731	0	0	60242	5920	0	5168	4342	0
Flex Type: Reap Flex 100%									
Title II.A Flex (+)	0				8667		4525	3029	
Title II.D Flex (+)	0			0			0	0	
Title IV.A Flex (+)	0			0	0			0	
Title V Flex (+)	0			0	0		0		
To Schoolwide (-)	293586			0	0		0	0	
TOTAL AVAILABLE	2145	293586	0	44021	14587	0	9693	7371	0
	Title I	Schoolwide	Title I.C Migr Ed	Title II.A	Title II.D	Title III	Title IV.A	Title V	Title VI.B

The top portion of the Allocation page shows the total funds available from a funding source.

The bottom portion of the allocation page allows the school the ability to flex or transfer funds

from: Title II.A, Title II.D, Title IV.A and Title V

to: Title II.A, Title II.D, Title IV.A, Title V and Title I

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<div> <div> <div>Bottom of Page</div> <div> <div>County/District: 018050 VAN BUREN R-I</div> <div> <div>Cycle: Cycle2 Year: 2003</div> <div> <input type="text"/> <div>Select District</div> </div> </div> </div> </div> </div>									
	6100	6200	6300	6400	Indirect Cost	Program Admin	6500	6600	TOTAL
	Salaries	Employee Benefits	Purchased Services	Materials & Supplies			Capital Outlay	Other (Interest)	
Title IA	0	0	0	0	0	0	0	0	0
Title ISW	215600	57906	5000	7225	0	10000	0	0	295731
Title IC Migr Ed	0	0	0	0	0	0	0	0	0
Title II.A	32514	7649	3858	0	0	0	0	0	44021
Title II.D	2300	275	7771	639	0	0	3600	0	14585
Title III	0	0	0	0	0	0	0	0	0
Title IV.A	4460	533	0	4700	0	0	0	0	9693
Title V	5206	598	0	1567	0	0	0	0	7371
Title VI.B	0	0	0	0	0	0	0	0	0
TOTAL	260080	66961	16629	14131	0	10000	3600	0	371401

The Program Budget page and the Program Budget Summary page shows the amount budgeted for a specific program. In this example, the Title IV.A budget is composed of both Title IV.A funds and funds flexed in from the Title II.A program (\$5,168 Title IV.A and \$4,525 Title II.A for a total of \$9,693).

The program is designed to spend funds in the following order: Carryover funds, Reallocated Funds, Flex Funds, and current year allocation. It is essential that the district budget and spend, at a minimum, the carryover amount + reallocated amount + flexed funds.

Grant Summary

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County/District: 018050 VAN BUREN R-I
Cycle: Cycle2 **Year:** 2003

Select District

Program	Allocation	Budget	Expenditure	Payment
Title I Targeted Assistance	295731	293586	293586	251371
Title I Migrant Education	0	0	0	0
TITLE II.A	60242	60242	58780	51206
TITLE II.D	5920	5918	3158	4439
TITLE III	0	0	0	0
TITLE IV.A	5168	5168	468	4393
TITLE V	4342	4342	2775	3691
TITLE VI.B	0	0	0	0

[Yearly Payment Estimates](#)
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The Grant Summary page shows funds by the funding source. In this example, the Title II.A funds were budgeted under the following programs: Title II.A \$44,021 + Title II.D \$8667 + Title IV.A \$4,525 + Title V \$3,029 for a total of \$60,242.

The revenues will need to be reported under the funding source. The expenditures will be recorded under the program where expenditures were approved. The auditor can be made aware of this difference on the bottom of the Final Expenditure Report.

Payment History - This feature allows the district to view the monthly payments. It will also show any funds that were transferred from one project year to another.

Final Expenditure Report

County/District: 018050 VAN BUREN R-I

Year: 2003 Seq: 1 of 1

Authorized Representative Approve Date: 8/7/2003

DESE Acceptance Date: 8/12/2003

	6100 Salaries	6200 Employee Benefits	6300 Purchased Services	6400 Materials & Supplies	Indirect Cost (rate: 0.0007)	Program Admin	6500 Capital Outlay	6600 Other	Total
Title I	0	0	0	0	0	0	0	0	0
Schoolwide	215600	57906	3762	6318	0	10000	0	0	293586
Title I.C Migrant Ed	0	0	0	0	0	-	0	0	0
Title II.A	32514	7649	2396	0	0	0	-	-	42559
Title II.D	2300	275	4350	1200	0	0	3700	0	11825
Title III	0	0	0	0	0	0	0	0	0
Title IV.A	4460	533	0	0	0	0	0	0	4993
Title V	5206	598	0	0	0	0	0	0	5804
Title VI.B	0	0	0	0	0	0	0	0	0
TOTAL	260080	66961	10508	7518	0	10000	3700	0	358767

The top portion of the Final Expenditure Report is where the district types in actual expenditures based upon the approved budget.

Distribution of Funding Source Expenditures

	Title I	Title I.C Migr. Ed	Title II.A	Title II.D	Title III	Title IV.A	Title V	Title VI.B	FER Pgm. Totals
Title 1	0	0	0	0	0	0	0	0	0
Schoolwide \$	293586	0	0	0	0	0	0	0	293586
Schoolwide %	100	0	0	0	0	0	0	0	100
Title I.C Migrant Ed	0	0	0	0	0	0	0	0	0
Title II.A	0	0	42559	0	0	0	0	0	42559
Title II.D	0	0	8667	3158	0	0	0	0	11825
Title III	0	0	0	0	0	0	0	0	0
Title IV.A	0	0	4525	0	0	468	0	0	4993
Title V	0	0	3029	0	0	0	2775	0	5804
Title VI.B	0	0	0	0	0	0	0	0	0
Total by Fund Source	293586	0	58780	3158	0	468	2775	0	358767

The bottom of the Final Expenditure Report displays the distribution of expenditures by funding source. In this example, the district expended \$42,559 in the Title II.A program. They also expended Title II.A funds in the Title II.D (\$8,667), Title IV.A (\$4,525) and Title V (\$3,029) programs.

An error message will appear on the submission of the Final Expenditure Report if the district does not expend at least their carryover, reallocated and flexed funds. If a negative number appears in this section after the expenditure report has been completed, you will need to contact your Federal Grants Management Supervisor to submit an amendment.

Schoolwide

- DESE encourages schools to consolidate funds from other Federal, State and local sources to upgrade the entire educational program
- No fiscal or accounting barriers preventing the consolidation of these funds
- Ensure all children meet standards, particularly those most at risk



Allocation Page

	Title I	Schoolwide	Title I.C Migr Ed	Title II.A	Title II.D	Title III	Title IV.A	Title V	Title VI.B
Original Allocation	304927		551	92704	8374	15000	9865	6172	0
Carryover	14515			738	63	0	1776	54	0
Reallocated Funds	5313			463	4	0	906	63	0
Released	0	0	0	0	0	0	0	0	0
TOTAL	324755	0	551	93905	8441	15000	12547	6289	0
Flex Type: Transferability 50%									
Title II.A Flex (+)	0			0			0	0	
Title II.D Flex (+)	0			0			0	0	
Title IV.A Flex (+)	0			0	0			0	
Title V Flex (+)	0			0	0		0		
To Schoolwide (-)	315311			93442	8432		11641	6226	
TOTAL AVAILABLE	9444	435052	551	463	9	15000	906	63	0

The schoolwide function allows a district to consolidate federal, state and local funds to upgrade the entire educational program. The goal is to ensure that all children meet standards, particularly those most at risk.

The LEA must move money to Schoolwide before they complete the Schoolwide budget page.

The LEA is not required to maintain separate fiscal accounting records, by program, that identify the specific activities supported by those particular funds as long as it maintains records that demonstrate that the schoolwide program, considered as a whole, addresses the intent and purposes of each federal program.

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	6100	6200	6300	6400			6500	6600	
	Salaries	Employee Benefits	Purchased Services	Materials & Supplies	Indirect Cost	Program Admin	Capital Outlay	Other (Interest)	TOTAL
Title IA	0	0	0	0	0	0	0	0	0
Title LSW	270890	62613	42500	47049	0	12000	0	0	435052
Title LC Migr Ed	0	0	0	551	0	0	0	0	551
Title IIA	0	0	0	0	0	0	0	0	0
Title IID	0	0	0	0	0	0	0	0	0
Title III	10000	2000	0	3000	0	0	0	0	15000
Title IVA	0	0	0	0	0	0	0	0	0
Title V	0	0	0	0	0	0	0	0	0
Title VIB	0	0	0	0	0	0	0	0	0
TOTAL	280890	64613	42500	50600	0	12000	0	0	450603

The schoolwide plan should govern how schoolwide funds are spent.

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 County/District: 096107 MAPLEWOOD-RICHMOND HEIGHTS
 Cycle: Cycle2 Year: 2004
 Select District

Program	Allocation	Budget	Expenditure	Payment
Title I Targeted Assistance	324755	315311	315311	315311
Title I Migrant Education	551	551	551	551
TITLE II.A	93905	93442	93442	93442
TITLE II.D	8441	8432	8432	8432
TITLE III	15000	15000	15000	15000
TITLE IV.A	12547	11641	11641	11641
TITLE V	6289	6226	6226	6226
TITLE VI.B	0	0	0	0

[Yearly Payment Estimates](#)
[Payment History](#)

The Grant Summary page will show the budget, expenditure, and payment amounts based on the source of funding.

Final Expenditure Report



County/District: 096107 MAPLEWOOD-RICHMOND HEIGHTS

Year: 2004 Seq: 1 of 1

Authorized Representative Approve Date: 5/14/2004

DESE Acceptance Date: 5/17/2004

	6100 Salaries	6200 Employee Benefits	6300 Purchased Services	6400 Materials & Supplies	Indirect Cost (rate: 0.1027)	Program Admin	6500 Capital Outlay	6600 Other	Total
Title I	0	0	0	0	0	0	0	0	0
Schoolwide	262346	61130	51500	48076	0	12000	0	0	435052
Title I.C Migrant Ed	0	0	0	551	0	—	0	0	551
Title II.A	0	0	0	0	0	0	—	—	0
Title II.D	0	0	0	0	0	0	0	0	0
Title III	10000	2000	0	3000	0	0	0	0	15000
Title IV.A	0	0	0	0	0	0	0	0	0
Title V	0	0	0	0	0	0	0	0	0
Title VI.B	0	0	0	0	0	0	0	0	0
TOTAL	272346	63130	51500	51627	0	12000	0	0	450603

Distribution of Funding Source Expenditures

	Title I	Title I.C Migr. Ed	Title II.A	Title II.D	Title III	Title IV.A	Title V	Title VI.B	FER Pgm. Totals
Title I	0	0	0	0	0	0	0	0	0
Schoolwide \$	315311	0	93442	8432	0	11641	6226	0	435052
Schoolwide %	72.4766234	0	21.4783521	1.93815911	0	2.67577209	1.43109325	0	100
Title I.C Migrant Ed	0	551	0	0	0	0	0	0	551
Title II.A	0	0	0	0	0	0	0	0	0
Title II.D	0	0	0	0	0	0	0	0	0
Title III	0	0	0	0	15000	0	0	0	15000
Title IV.A	0	0	0	0	0	0	0	0	0
Title V	0	0	0	0	0	0	0	0	0
Title VI.B	0	0	0	0	0	0	0	0	0
Total by Fund Source	315311	551	93442	8432	15000	11641	6226	0	450603

The Schoolwide expenditures reported on the Final Expenditure Report are pro-rated back to the program, based on the amount moved to Schoolwide on the allocation page. This is done automatically.

Fiscal Requirements

- Maintenance of Effort
- Comparability of Services
- Supplement-Not-Supplant

Maintenance of Effort

LEA's combined fiscal effort per student or the aggregate expenditures of the LEA from **state and local funds** for free public education for the preceding year is not less than 90 percent of the combined fiscal effort or aggregate expenditures for the second preceding year.

This year, we will compare school year 2004-2005 to school year 2003-2004.

Compliance Reviewed: Compliance is verified each year by the Federal Financial Management staff using specific data from the Annual Secretary of the Board Report.

Reduction in Case of Failure to Maintain Effort: DESE shall reduce the amount of the allocation of funds in the exact proportion by which an LEA fails to meet the requirement by falling below 90 percent of both the combined fiscal effort per student and the aggregate expenditures. DESE will use the measure most favorable to the LEA when determining penalty.

Waiver: The United States Department of Education Secretary may waive the requirements of this section if it is determined that a waiver would be equitable due to exceptional or uncontrollable circumstances, such as a natural disaster; or a precipitous decline in the financial resources of the LEA.

When comparing school year 2003-2004 to school year 2002-2003, 29 schools did not maintain effort; 25 requested a waiver.

Comparability of Services

LEAs having multiple attendance areas serving same or similar grade spans must demonstrate compliance with comparability requirements annually.

State and local funds used to provide services in Title I schools are at least comparable to services provided in schools not receiving Title I funds.

School district should check the compliance with the comparability requirements early in the school year and make necessary adjustments. In December, DESE checks compliance by comparing student/teacher FTE ratios using teacher information reported in the October Core Data cycle.

In school year 2004-2005 ---

92 Districts had multiple attendance centers and were required to meet the comparability requirements.

25 Districts had to make adjustments to Core Data information or had to provide additional information to prove compliance.

Comparability of Services

Options for demonstrating comparability:

- **Comparing Student/Teacher FTE Ratios**
- **Comparing Student/Teacher Salary Ratios**
- **Comparing State and Local Per Pupil Expenditure Ratios**
- **Written Assurance Option**

DESE checks compliance using October Core Data information comparing student/teacher FTE Ratios. It is very important that the Core Data information is correct.

Comparing Student/Teacher FTE Ratios – Title I schools do not exceed 110% of the average for non-Title I schools

Comparing Student/Teacher Salary Ratios – Title I Schools are at least 90% of the average for non-Title I schools.

Comparing State and Local Per Pupil Expenditure Ratios - Title I schools are at least 90% of the average for non-Title I schools.

Written Assurance Option - Each year, the LEA must file with DESE a written assurance that it has established and implemented the required policies. DESE will still check the Core Data information. If there are substantial differences, more documentation may be needed. An LEA shall be considered to have met the requirements of comparability if the LEA has filed with DESE a written assurance that it has established and implemented:

- a local educational agency-wide salary schedule;
- a policy to ensure equivalence among schools in teachers, administrators, and other staff; and
- a policy to ensure equivalence among schools in the provision of curriculum materials and instructional supplies.

Supplement-Not-Supplant

Federal funds must be used to supplement and, in no case, supplant other federal, state or local resources

What would have happened in the absence of federal funds?

Requirement: An LEA shall use Federal funds received under NCLB programs only to supplement the funds that would, **in the absence of such Federal funds**, be made available from non-Federal sources for the activities authorized under the individual programs, and not to supplant such funds.

Presumptions of Supplanting (A-133 Compliance Supplement)

Presume supplanting occurred if federal funds were used to provide services that:

1. Were required to be made available under other federal, state or local laws;
2. Provided with non-federal funds in prior year;
3. Were provided to participating children, if those same services provided with non-federal funds to non-participating children

Notes:

Supplanting Exclusion

- Section 1120A: Exclude from supplement not supplant any supplemental state or local funds spent in any school for a program meeting the intents and purposes of Title I, Part A.

1. The program would have to serve only students who are failing, or are most at risk of failing to meet the state standards.
2. The money used to provide the services to the program must be supplemental state or local funds.
3. The program must be evaluated using the state's assessment system.

If the above criteria are met, a district may exclude supplemental state or local funds expended for that program in a non-Title I school from its comparability and its “supplement, not supplant” determination.

An example would be Reading Recovery, which focuses only on students who are low achieving in reading. Reading Recovery services are supplemental to what the district would otherwise provide those students. And, it is assessed with the state assessment system. You would be able to use local funds for a Reading Recovery program in non-Title I schools, and Title I funds for that same program in a Title I school.

Supplement-Not-Supplant

Presumption Rebutted!

If LEA demonstrates it would not have provided the services in question with non-federal funds had the federal funds not been available.

Documentation that could be used to rebut supplant –

- budget histories and information
- state or local legislative action
- board minutes
- class-size data from previous years and upcoming year
- other information that shows that the district would not have provided the services in question with non-federal funds had the federal funds not been available.

Waiver of Fiscal Requirements

Maintenance of Effort – USDE Secretary may waive the requirements if it is determined that a waiver would be equitable due to exceptional and uncontrollable circumstances, such as a natural disaster; or a precipitous decline in the financial resources of the LEA.

Comparability of Services – No waiver process.

Supplement-Not-Supplant – No waiver process.

Support of Salaries & Wages

Single Certification Form Or Personnel Activity Reports (PAR)

Are Schoolwide buildings handled differently?

Single Certification Forms must be prepared at least semi-annually (every six months). In some instances the requirement for a semi-annual certification may be satisfied through payroll certification. Schoolwide buildings may use the payroll certification process.

An employee is considered to work on multiple cost objectives if they work on: more than one Federal award; a Federal award and a non-Federal award; an indirect cost activity and a direct cost activity; two or more indirect activities which are allocated using different allocation bases; or an unallowable activity and a direct or indirect cost activity.

The significant factor is the number of cost objectives on which the employee works, not the number of sources supporting the employee's salary.

PARs are required if employee is working on two or more functions. PARs must be maintained that reflect the following standards:

- After-the-fact record – The PAR must be created after the work has been executed. Projections of how an employee is expected to work or position descriptions would not be sufficient.
- Total activity – The PAR must account for the total activity for which each employee is compensated, including part-time schedules or overtime.
- Monthly – The PAR must be prepared at least monthly and must coincide with one or more pay periods.
- Signed – The PAR must be signed by the employee. Unlike the semi-annual certification, signature of a supervisor alone would not be sufficient. However, the supervisor could sign in addition to the employee.

Questions???